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Weekly Highlights & Hot Bites, #39

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Report Highlights:

Market access only if subsidies are removed - Commerce Minister, *India is second most attractive retail destination: A.T. Kearney*, *ICAR focusing on genetic improvement of rice*.

Includes PSD Changes: No
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New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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MARKET ACCESS ONLY IF SUBSIDIES ARE REMOVED – COMMERCE MINISTER

Agriculture will remain the core of how swiftly progress is made in the detailed negotiations on modalities in the WTO Doha Round, in the post-July 2004 phase, Indian Commerce and Industry Minister Kamal Nath said at an International Conference on "Liberalization and the Future of Agricultural Policy", organized by the French Institute of International Relations in Paris on October 7. Mr. Kamal Nath made it clear that developed countries must remove trade distorting agricultural subsidies first and market access in developing countries would only follow the removal of such subsidies, not precede it. "We do not deny the developed world agricultural market access on a whim, or because we do not want to engage in trade. We have been forced to turn protectionist because we have no alternative; there is no level playing field. Subsidized products flooding in from abroad would play havoc with the social fabric. Eliminate subsidies completely and fully, in all their guises, and we would not be hesitant to liberalize substantially," he said. (Source: Press Information Bureau, Government of India, 10/07/04)

INDIA IS SECOND MOST ATTRACTIVE RETAIL DESTINATION: A.T. KEARNEY

A.T. Kearney, an international consulting firm, has ranked India as the second most attractive destination among global markets, ahead of China, despite the ban on foreign direct investments (FDI) in the sector and relatively low market attractiveness of the country. Russia is ranked as the most attractive retail destination. India's market size offered tremendous promises as its population is expected to surpass China's by 2050. This is further supported by improved living standards and continuing economic growth. The downsides have been a large rural population and a fragmented retail market wherein the top ten companies hold only two percent of the market share. Two foreign retailers – Hong Kong based Dairy Farm and Germany based Metro AG - are in the top five. A South African retailer Shoprite is also considering a foray into the country. Moreover, a number of companies, including Wal Mart and Carrefour, have expressed interest in India if FDI regulations are eased. Until reforms pass, successful global retailers will have to adapt and enter using different formats. (Source: Business Line, 10/6/04)

ICAR FOCUSING ON GENETIC IMPROVEMENT OF RICE

Dr. Mangla Rai, Director General of Indian Council of Agricultural Research (ICAR) recently stated that his organization has already formulated a project to focus initially on production of a transgenic rice variety, which would be resistant to "yellow stem borer". The project would subsequently focus on improvement of other qualities such as salinity, drought resistance, yield, quality, and input use efficiencies through the use of functional genomics and biotechnology. (Source: Business Line, 10/5/04)

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